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Exhibit R-2, RDT&E Budget Item Justification						Date: February 1999				
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA5						R-1 ITEM NOMENCLATURE STANDARD Missile Improvements / PE 0604366N				

COST (\$ in Millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Cost to Complete	Total Cost
Total P.E. Cost	.501	11.291	1.140	1.205	1.329	1.399	1.428	1.458	Continuing	Continuing
STANDARD Missile Improvements/K0439/U0439	.501	1.314	1.140	1.205	1.329	1.399	1.428	1.458	Continuing	Continuing
ADSAM Demonstration /K2639/U2639	0	4.989	0	0	0	0	0	0	0	4989
Optical Correlators/K2640/U2640	0	4.988	0	0	0	0	0	0	0	4988
Quantity of RDT&E Articles & cost										

A. Mission Description and Budget Item Justification:

(Project U0439) STANDARD Missile fuze and guidance performance degrades when the target is in close proximity to the sea surface. The low altitude improvement program will improve performance against low and very low altitude targets. It will be implemented in two phases: Phase I added a fuze altimeter and trajectory shaping enabling improved target detection to a very low altitude and reduced the effect of multipath on radar returns on guidance performance. Phase II added a moving target indicator (MTI), azimuth sensing fuze, and one other item which greatly improves lethality throughout the SM-2 Block III/IIIA/IIIB engagement envelope and will also improve lethality throughout the SM-2 Block IV engagement envelope. This capability is currently being developed for AEGIS ships. Additionally, an effort will be started to improve performance of the Mk 45 Target Detecting Device (TDD) against advanced threats.

FY 1998 ACCOMPLISHMENTS:

- (\$.501) Transition/leverage off the MK45 Mod12 TDD Overland Cruise Missile Defense development.

FY 1999 PLAN:

- (\$1.280) Initiate development of TDD Land Attack Cruise Missile Defense Capability. This will improve target clutter discrimination for overland scenarios by implementing changes to MK45 MOD 12 TDD Design.
- (\$4.863) Continue development and build a miniturized, ruggedized, STANDARD Missile Optical Correlator Co-Processor.
- (\$4.862) Initiate development of the Air Directed Surface-to-Air Missile (ADSAM)
- (\$0.286) Portion of extramural program is reserved for Small Business Innovation Research assessment in accordance with 15 USC 638.

FY 2000 PLAN:

- (\$1.140) Continue development of Overland Cruise Missile Defense Capability for the MK45 TDD. Begin build-up of integration hardware and planning for flight test.

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B. Program Change Summary:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
FY 1999 President's Budget:	0.523	1.320	1.276
Appropriated Value	0.549	11.320	
Adjustments to FY 1998 Appropriated Value/ FY 1999 President's Budget			
a. SBIR reduction	-0.015		
b. Congressional undistributed reductions	-0.015		
c. Minor pricing adjustments	-0.018	-0.029	-0.136
d. Congressional program increase		10.000	
FY 2000/01 President's Budget Submit:	0.501	11.291	1.140

Schedule: Not Applicable.

Technical: Not Applicable.

C. Other Program Funding Summary: Not applicable.

<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>To Complete</u>	<u>Total Cost</u>
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D. Acquisition Strategy: Not applicable.

E. Schedule Profile: Not applicable.

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Exhibit R-3 Cost Analysis		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY RDT&E,N/BA 5	PROGRAM ELEMENT NAME AND NUMBER STANDARD Missile Improvements 0604366N	PROJECT NAME AND NUMBER STANDARD Missile Improvements K0439/U0439

Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY99 Cost	FY99 Award Date	FY00 Cost	FY00 Award Date			Cost To Complete	Total Cost	Target Value of Contract
Design and Analysis	WR	NAWC/China Lake	781.0	1.314	11/98	1.140	11/99			Continuing	Cont.	
	WR	NSWC/Dahlgren		1.500	3/99							
		Raytheon		.500	3/99							
		AOS Inc.		1.000	3/99							
		Litton Inc.		1.988	3/99							
		Cruise Missile Defense Program Office		4.989	3/99							
Subtotal Product Development			781.0	11.291		1.140						
Total Cost				11.291		1.140						
Remarks:												
Development Support Equipment												
Software Development												
Training Development												
Integrated Logistics Support												

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Exhibit R-3 Project Cost Analysis
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APPROPRIATION/BUDGET ACTIVITY RDT&E,N/BA 5	PROGRAM ELEMENT NAME AND NUMBER STANDARD Missile Improvements 0604366N	PROJECT NAME AND NUMBER STANDARD Missile Improvements K0439/U0439

Configuration Management												
Technical Data												
GFE												
Subtotal Support (Not applicable)												
	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY99 Cost	FY99 Award Date	Fy00 Cost	FY00 Award Date			Cost To Complete	Total Cost	Target Value of Contract
Development Test and Evaluation												
Operational Test and Evaluation												
Tooling												
GFE												
Subtotal T&E (Not applicable)												
Contractor Engineering Support												
Government Engineering Support												
Program Management Support												
Program Management Personnel												
Travel												
Labor (Research Personnel)												
Overhead												
Subtotal Management (Not applicable)												

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